

# FISCAL NOTE

**Bill #:** SB0449

**Title:** Revise depreciation of pickups and SUV's

**Primary**

**Sponsor:** Bob DePratu

**Status:** Second Reading

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Sponsor signature	Date	Dave Lewis, Budget Director	Date
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## Fiscal Summary

	<b><u>FY2000 Difference</u></b>	<b><u>FY2001 Difference</u></b>
<b>Expenditures:</b>		
General Fund	\$0	\$405,000
<b>Revenue:</b>		
General Fund	(516,000)	(1,084,000)
State Special Revenue-6 Mills	(32,600)	(68,400)
State Special Revenue-9 Mills	(19,400)	(40,800)
<b>Net Impact on General Fund Balance:</b>	<b>(\$516,000)</b>	<b>(\$1,489,000)</b>

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<b><u>Yes</u></b>	<b><u>No</u></b>		<b><u>Yes</u></b>	<b><u>No</u></b>	
X		Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget	X		Significant Long-Term Impacts

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## Fiscal Analysis

### ASSUMPTIONS:

1. This bill would apply to vehicle registration periods beginning after December 31, 1999.
2. For tax purposes, this bill would cause light trucks and SUV's to depreciate over time at a faster rate than under current law.
3. Vehicle property tax and local option vehicle tax are collected uniformly throughout each fiscal year. Three of the six deposits into the motor vehicle suspense fund for FY2000 are made after December 31, 1999, the date this bill becomes effective. Therefore, half of the collections in FY2000 would be based on current law and half would be based on proposed law. All collections of vehicle taxes in FY2001 would fall under the proposed law.

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4. The following table shows actual 1997 collections and distributions from the 2% tax on light cars and trucks. It also shows the current law forecast collections in FY2000 and FY2001, assuming a growth rate of 6% per year from 1997-2000, and 5% between 2000 and 2001.

	<u>Tax Year 1997</u>	<u>Fiscal Year 2000</u>	<u>Fiscal Year 2001</u>
District Court	5,111,092	6,083,891	6,386,529
State General Fund	16,675,381	19,849,225	20,836,605
6 Mills	1,053,182	1,253,635	1,315,996
9 Mills	627,170	746,540	783,676
County Government	15,042,046	17,905,015	18,795,683
Cities/Towns	6,521,797	7,763,098	8,149,266
Schools	<u>27,984,927</u>	<u>33,311,329</u>	<u>34,968,368</u>
<b>Total Property Tax</b>	<b>73,015,595</b>	<b>86,912,733</b>	<b>91,236,123</b>

5. The following table shows the estimated collections in FY2000 and FY2001 under current law and under the proposed law. The differences in collections between the two are also shown.

Total for FY2000		FY2000 Property Tax		
	<u>Current Law</u>	<u>Proposed Law</u>		<u>Difference</u>
District Court	\$6,083,891	\$5,925,705		(\$158,187)
State General Fund	\$19,849,225	\$19,333,127		(\$516,097)
6 Mills	\$1,253,635	\$1,221,040		(\$32,596)
9 Mills	\$746,540	\$727,129		(\$19,411)
County Government	\$17,905,015	\$17,439,469		(\$465,546)
Cities/Towns	\$7,763,098	\$7,561,250		(\$201,847)
Schools	\$33,311,329	\$32,445,205		(\$866,124)
<b>TOTALS</b>	<b>\$86,912,733</b>	<b>\$84,652,925</b>		<b>(\$2,259,808)</b>

  

Total for FY2001		FY2001 Property Tax		
	<u>Current Law</u>	<u>Proposed Law</u>		<u>Difference</u>
District Court	\$6,386,529	\$6,054,418		(\$332,111)
State General Fund	\$20,836,605	\$19,753,065		(\$1,083,540)
6 Mills	\$1,315,996	\$1,247,562		(\$68,434)
9 Mills	\$783,676	\$742,923		(\$40,753)
County Government	\$18,795,683	\$17,818,274		(\$977,409)
Cities/Towns	\$8,149,266	\$7,725,489		(\$423,776)
Schools	\$34,968,368	\$33,149,951		(\$1,818,417)
	<b>\$91,236,123</b>	<b>\$86,491,682</b>		<b>(\$4,744,441)</b>

6. Using these projections, the effect upon general fund is expected to be a decrease of \$516,000 in FY2000 and \$1,084,000 in FY2001.
7. The effect upon the 6 mill state special revenue fund for the University system is estimated to be a decrease of \$32,600 in FY2000 and \$68,400 in FY2001.
8. The effect upon the 9 mill state special revenue fund for State Assumption of Welfare is estimated to be a decrease of \$19,400 in FY2000 and \$40,800 in FY2001.
9. The decrease in local government revenues as a result of this bill is estimated to be \$1,533,400 in FY2000 with county governments experiencing a decrease of \$465,500, cities and towns losing \$201,800 and schools losing \$866,100. The decrease in local revenues is estimated to be \$3,219,600 in FY2001 with

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county governments experiencing a decrease of \$977,409, cities and towns losing \$423,776 and schools losing \$1,818,400.

10. The change in taxable values will cause school districts to change GTB levies in FY2000 and FY2001 to maintain minimum budgets required under section 20-9-308(1)(a), MCA (see technical note #1). The change will increase by \$405,000 the amount of state GTB aid in FY2001 due to the decrease in non-levy revenue to schools.

<u>FISCAL IMPACT:</u>	<u>FY2000</u> <u>Difference</u>	<u>FY2001</u> <u>Difference</u>
<u>Expenditures:</u>		
General Fund (GTBA)	\$0	\$405,000
<u>Revenues:</u>		
General Fund (01)	(516,000)	(1,084,000)
State Special Revenue-6 Mills	(32,600)	(68,400)
State Special Revenue-9 Mills	(19,400)	(40,800)
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
General Fund (01)	(\$516,000)	(\$1,489,000)
State Special Revenue (02)	(52,000)	(109,200)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

The decrease in local government revenues as a result of this bill is estimated to be \$1,533,400 in FY2000 with county governments experiencing a decrease of \$465,500, cities and towns losing \$201,800 and schools losing \$866,100. The decrease in local revenues is estimated to be \$3,219,600 in FY2001 with county governments experiencing a decrease of \$977,409, cities and towns losing \$423,776 and schools losing \$1,818,400.

LONG-RANGE IMPACTS:

It is expected that the total annual decrease in revenue from this bill will be at least that of FY2001.